

Message Text

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ACTION EA-12

INFO OCT-01 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00
DOTE-00 EB-08 INR-10 NSAE-00 FAA-00 L-03 ACDA-12
MCE-00 XMB-02 TRSE-00 STR-07 PA-01 USIA-06 SP-02
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E.O. 11652: N/A
TAGS: ETRD, EAIR, JA
SUBJECT: JAPANESE PLANS TO BUY AND LEASE AIRCRAFT

REF: (A) TOKYO 19508, (B) TOKYO 4021

1. SUMMARY: MITI OFFICIAL SAID HIS MINISTRY IS SERIOUS-
LY CONSIDERING A PROGRAM TO PURCHASE FOREIGN BUILT AIR-
CRAFT AND LEASING THEM TO THIRD COUNTRY AIRLINES. TYPE
OF AIRCRAFT PURCHASED WOULD BE LEFT TO MARKET FORCES,
NOT GOVERNMENTAL PRESSURES. HE DID NOT THINK LEASED
AIRCRAFT WOULD REPLACE NORMAL DIRECT SALES. HE DENIED
A LEASING PROGRAM FOR AUTOMOBILES WAS ALSO UNDER CON-
SIDERATION BY MITI. OTHER SOURCES, HOWEVER, REPORT THAT
MITI'S LEASING IDEA IS RUNNING INTO TROUBLE WITH THE
MINISTRY OF TRANSPORTATION. END SUMMARY.

2. MITI IS SERIOUSLY CONSIDERING A PROGRAM TO PROMOTE
THE PURCHASE OF FOREIGN BUILT AIRCRAFT BY JAPANESE PRIVATE
INTERESTS FOR LEASE TO THIRD COUNTRY AIRLINES, MITI
DEPUTY DIRECTOR GENERAL AFFAIRS DIVISION, Y. YAMAMOTO,
TOLD EMBOFF. HOWEVER, HE DENIED FLATLY PRESS REPORTS
THAT GOJ WAS PROMOTING THE EUROPEAN A-300 AIRBUS OVER
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U.S. INTERESTS. THE TYPE OF AIRCRAFT PURCHASED, HE SAID,
WOULD BE THE DECISION OF THE PRIVATE SECTOR AND MARKET
DEMAND. LIKELY PURCHASERS WOULD BE JAPAN LEASING COMPANY
AND ORIENT LEASING COMPANY.

3. YAMAMOTO SAID MITI WAS EXAMINING THE JAPAN EX-IM
BANK'S "EMERGENCY IMPORT FINANCIAL PLAN" (REFTEL A) TO

SEE IF IT CAN BE USED TO FINANCE THE PURCHASES. IT PROVIDES FINANCING FOR IMPORTS AT 4.75 PERCENT. A MAJOR DRAWBACK IS A REQUIREMENT FOR REPAYMENT WITHIN 3 YEARS. THEREFORE, LOANS MIGHT HAVE TO BE SUPPLEMENTED OR RE-FINANCED BY OTHER LENDERS AT A HIGHER INTEREST RATE.

4. IF A DECISION IS MADE TO IMPLEMENT THE PROPOSAL, YAMAMOTO SAID, AND EXISTING LEASING COMPANIES ARE NOT INTERESTED, THE GOJ MAY ARRANGE THE CREATION OF A FIRM TO CARRY OUT THE PLAN. HE SEEMED CONFIDENT THAT THERE WOULD BE INTEREST AMONG LESSORS AND SAID VARIOUS AIRLINES HAVE INDICATED THEY COULD USE 17 AIRCRAFT UNDER LEASING ARRANGEMENTS.

5. OTHER SOURCES, HOWEVER, DOUBT THAT MITI WILL GET FAR ON THIS PROGRAM, SINCE THE PROPOSAL HAS RUN INTO STRONG OBJECTIONS FROM THE MINISTRY OF TRANSPORTATION WHICH RESENTS THIS MITI INTRUSION INTO MOT TERRITORY AND DOUBTS THAT MITI LEASING REALLY WOULD GENERATE NEW SALES OF AIRCRAFT WHICH ARE ALREADY AVAILABLE UNDER A WIDE RANGE OF PURCHASE PLANS. CARRIERS WHICH NORMALLY DO NOT LEASE (SUCH AS JAL) ARE ALSO LIKELY TO OBJECT TO ANY LEASING PROGRAM WHICH WOULD GIVE AN ADVANTAGE TO COMPETITORS.

6. YAMAMOTO ALSO CONTRADICTED RECENT PRESS REPORTS THAT LIMITED OFFICIAL USE

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GOJ WAS CONSIDERING A SIMILAR PROGRAM TO PURCHASE FOREIGN MADE AUTOMOBILES FOR LEASE TO TOURISTS, OR FOR COMPANY FLEETS. HE SAID SUCH A PROGRAM IS NOT EVEN UNDER CONSIDERATION. MANSFIELD

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Copy: SINGLE
Draft Date: 17 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
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